GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:5143
ANSWERED ON:10.12.2010
TARIFF BASED BIDDING FOR POWER PROJECTS
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Will the Minister of POWER be pleased to state:

(a) whether the Government proposes to make tariff based bidding mandatory for allocation of power projects from January, 2011;

(b) if so, whether the aggressive bidding by private players have Ultra Mega Power Projects (UMPP) tariffs quite low;

(c) if so, whether the PSUs who don`t enjoy the flexibility of private firms have not won any UMPP:

(d) if so, whether currently States have freedom to allot projects exclusively to Public Sector Undertakings (PSUs) they own;

(e) if so, by what time final decision in this regard is likely to be taken and to what extent it has been accepted by the PSUs;

(f) whether the Government has met the State Ministers to decide on shift from cost plus mode; and

(g) if so, the reaction of the State Ministers on this proposal?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRI BHARATSINH SOLANKI)

(a): Government of India vide Resolution dated 6th Jan. 2006 notified Tariff Policy which inter alia stipulates that all future requirements of power should be procured competitively by distribution licensees. Even for public sector projects, tariff of all new generation and transmission projects should be decided on the basis of competitive bidding after a period of 5 years or when the Regulatory Commission is satisfied that the situation is ripe to introduce such competition.

(b): The tariff for the four Ultra Mega Power Projects awarded through competitive bidding route is as below:

Sl.No.	PROJECT	Name of Bidder	No. of units	Date of LOI	Source of Coal Supply	Levelised Tariff
1	SASAN(M.P)	Reliance Power Ltd.	6X660	1.8.2007	Captive coal block	1.196
2	MUNDRA (Gujarat)	Tata PowerLtd.	5X800	28.12.2006	Imported	2.264
3	Krishnapatnam (Andhra Pradesh)	Reliance Power Ltd.	5X800	30.11.2007	Imported	2.333
4	TILAIYA (Jharkhand)	Reliance Power Ltd	6X660	12.2.2009	Captive coal block	1.770

(c) : NTPC Ltd. a Central Public Sector Undertaking had bid for all the above UMPPs except Krishnapatnam but could not succeed.

(d) & (e) : There is no specific provision in Electricity Act 2003 regarding allotment of projects by states to Public Sector Undertakings(PSUs).

However, generation has been delicensed in the said Act and for transmission, distribution and trading, licences are granted by the Appropriate Commission subject to fulfillment of the conditions provided in the Act. Determination/adoption of tariff is carried out by

the Appropriate Commission in terms of provisions of the Act and policies made there under.

(f) & (g) : A meeting of Group of Ministers (GoM) on Power Sector was held on 29.10.2010 in which Power Ministers of States/UTs also participated and decided that the cost plus regime for PSUs is coming to an end on 5th January 2011, the capacity addition projects under construction should be completed as per the schedule and Power Purchase Agreements (PPAs) should be signed immediately.